GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3302
ANSWERED ON:18.12.2015
Funds for Andhra Pradesh and Telangana
Kalvakuntla Smt. Kavitha;Kothapalli Smt. Geetha;Reddy Shri Midhun

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government is providing funds/proposes to provide funds for various schemes / programmes for technological enhancements, Industrial and Infrastructural development to Andhra Pradesh and Telangana; and

(b) if so, the details thereof and the actions taken by the Union Government thereon?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) and (b): Transfer of Plan funds to the State Governments including Andhra Pradesh and Telangana, are mainly through Central Assistance to State Plans and Central Sector Scheme of various line Ministries annually assessed within the availability of Gross Budgetary Support for various schemes/ programmes including for technological enhancements, Industrial and Infrastructural development.

2. In terms of AP Reorganisation Act 2014, an amount of Rs. 4403 crore was released to the successor state of Andhra Pradesh during 2014-2015 which included Rs. 350 crore @ Rs. 50 crore per district for the development of 7 backward districts covering Rayalaseema & North Coastal region, Rs. 2303 core for bridging resource gap, Rs. 1500 crore for construction of Raj Bhavan & for creating infrastructure facilities in the new capital of the State and Rs. 250 crore for Polavaram irrigation project.

3. The Central Government has continued to support the programmes for the successor States of Andhra Pradesh and Telangana and approved one time assistance for 2015-16 towards support for States covered by Andhra Pradesh Re-organization Act under Demand No. 37 of Ministry of Finance. The 'Special Assistance' of Rs. 700 crore has already been released to the State of Andhra Pradesh during the current Financial Year 2015-16 including special assistance of Rs.350 crore (@Rs. 50 crore per district) for the development of 7 backward districts covering Rayalaseema & North Coastal region and Rs. 350 crore for new capital of the state under Demand No. 37 of Ministry of Finance. Further, Rs. 300 crore has been earmarked for Polavaram irrigation project.

4. Further, in order to encourage the setting up of industrial undertakings in the notified backward areas of certain States including the successor States of Andhra Pradesh and Telangana, the Income-tax Act was amended vide Finance Act, 2015 to provide following direct tax incentives:

(i) Investment allowance of an amount equal to 15% of the cost of specified plant and machinery acquired and installed by an assessee is provided as per section 32AD of the Income-tax Act, ifâ€”

a. the sets up an undertaking or enterprise for manufacture or production of any article or thing on or after 1st April, 2015 in any notified backward areas of these states; and

b. the specified plant and machinery are acquired and installed for the purposes of the said undertaking or enterprise during the period beginning from the 1st April, 2015 and ending with 31st March, 2020.

This deduction is available over and above the existing deduction for investment allowance available under section 32AC of the Act. Accordingly, if a company sets up an undertaking in the notified backward areas in these States, it shall be eligible to claim deduction under the existing provisions of section 32AC of the Income-tax Act as well as under this newly inserted section 32AD of Income-tax Act subject to fulfilling of specified conditions.

(ii) For investment in new plant or machinery, additional depreciation of 20% is allowed under the existing provisions of section 32(1)(iia) of the Income-tax Act in respect of the cost of plant or machinery acquired and installed by certain assessees. The provisions of section 32(1)(iia) of the Act was amended to allow higher additional depreciation at the rate of 35% (instead of 20%) in respect of the actual cost of new specified machinery or plant acquired and installed by a manufacturing undertaking or enterprise which is set up in the notified backward areas of certain states including the successor States of Andhra Pradesh and Telangana on or after the 1st day of April, 2015. This higher additional depreciation shall be available in respect of acquisition and installation of any new machinery or plant for the purposes of the said undertaking or enterprise during the period beginning on the 1st day of April, 2015 and ending before the 1st day of April, 2020.

5. Besides, some of the programmes for technological enhancement, industrial and infrastructure development for which the support of Central Government has already been provided as per the mandate of Andhra Pradesh Reorganisation Act, 2014 are as under:

i. The interest subvention to new greenfield industries has been extended in the successor States for which a corpus of Rs.100 crore has been created.

ii. 5 institutes of Higher Learning and Education viz. IIT at Tirupati, NIT, Andhra Pradesh at Tadepalligudem, IIM, Vishakhapatnam; Indian Institute of Science Education and Research, Tirupati and IIIT Kurnool have started functioning from the temporary campuses.

iii. The allocation of coal block has been provided for establishing 600 MW power plant in Telangana.

iv. Tirupati Airport has been upgraded.

v. Road connectivity between Karimnagar and Khamam districts in Telangana has been established.

vi. A sum of Rs.10.00 crore to establish a State Agricultural University in AP and Rs.10.00 crore to State Horticultural University in Telangana has been released.

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